

Message Text

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ACTION EB-07

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 AF-06

ARA-10 EA-10 EUR-12 NEA-09 OIC-02 /153 W

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R 251029Z MAR 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 28

UNCLAS MTN GENEVA 2059

PASS STR

E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: MTN: NOMENCLATURE

REF: GENEVA 1558 AND 1615

1. FOLLOWING IS TEXT OF MEMCON BETWEEN U.S. MTN DEL (MCNAMARA, HART OF ITC AND HEISE) AND EC MTN DEL (DUGIMONT, ABBOTT, AND HENRY CHUMAS, CHIEF ADVISOR, ADMINISTRATION OF THE CUSTOMS UNION, EC COMMISSION) ON CUSTOMS NOMENCLATURE.

2. QUOTE. THE EC REQUESTED THIS DISCUSSION ON TARIFF NOMENCLATURE. MR CHUMAS HAS RESPONSIBILITY IN THE EC COMMISSION FOR CUSTOMS MATTERS. HE CAME TO GENEVA DURING THE TARIFF GROUP MEETING SPECIFICALLY FOR THIS DISCUSSION. HIS VISIT APPARENTLY WAS PROMPTED BY THE US REMARKS IN THE RECENT NTM GROUP MEETING, MADE IN RESPONSE TO THE EC PROPOSAL THAT CUSTOMS NOMENCLATURE BE INCLUDED IN THE SUBJECTS TO BE EXAMINED IN THAT GROUP

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(SEE GENEVA 1615).

MR. CHUMAS OPENED THE DISCUSSION BY STATING THAT HE UNDERSTOOD THAT THE US POSITION ON ADOPTION OF THE BTN WAS, IN ESSENCE, THAT IT WOULD BE CONSIDERED ONLY AFTER THE BTN HAD BEEN MODERNIZED AND CERTAIN SHORTCOMINGS CORRECTED. (CHUMAS ACCURATELY REPORTED THE REMARKS MADE BY THE US DELEGATE IN THE NTM GROUP MEETING, AS REPORTED IN GENEVA 1558.) HIS PURPOSE IN SEEKING THE PRESENT DISCUSSION WAS TO DRAW THE US GOVERNMENT'S ATTENTION TO THE OPPORTUNITY EXISTING FOR DOING THIS IN THE CUSTOMS COOPERATION COUNCIL' (CCC) HARMONIZED COMMODITY CODE (HCC) PROJECT, TO URGE THE UNITED STATES TO UTILIZE THE OPPORTUNITY BY PLAYING A STRONG AND CONSTRUCTIVE ROLE IN THE PROJECT, AND TO INDICATE THAT THE EC WOULD UNDERTAKE TO SUPPORT US INITIATIVE IN MODERNIZING AND IMPROVING THE BTN THROUGH THE HCC PROJECT.

MR CHUMAS IS COMPLETELY FAMILIAR WITH THE HCC PROJECT, HAVING CHAIRED THE COMMITTEE THAT MADE THE CCC'S INITIAL FEASIBILITY STUDY ON THE SUBJECT AND DIRECTED EC PARTICIPATION SINCE THEN. HE RECOUNTED THE HISTORY OF THE PROJECT FROM HIS PERSONAL EXPERIENCE AND POINT OF VIEW, ENDING BY EXPRESSING HIS GREAT CONCERN OVER ITS PRESENT STATE AND HIS FEAR THAT IT MAY EITHER COMPLETELY COLLAPSE OR PROCEED IN A MANNER THAT WOULD NOT PRODUCE USEFUL RESULTS. HE ATTRIBUTED THIS IN SIGNIFICANT PART TO THE CHARACTER OF US PARTICIPATION, PARTICULARLY THE PRIORITY GIVEN BY THE US TO THE DEVELOPMENT OF EXCESSIVELY DETAILED "DESCRIPTORS" WHICH WOULD BE USEFUL TO FREIGHT TRANSPORT AND SIMILAR NOMENCLATURES, WITH A CONSEQUENT NEGLECT OF ATTENTION TO THE BASIC NOMENCLATURE STRUCTURE, AND TH US FAILURE TO COME FORTH WITH CONSTRUCTIVE CRITICISM OF THE BTN AND SPECIFIC RECOMMENDATIONS FOR CORRECTION OF ITS DEFICIENCIES.

MR CHUMAS REQUESTED US SUPPORT IN RESTRUCTURING THE PROJECT ALONG THE FOLLOWING LINES:

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1. DIVIDE THE PROJECT INTO TWO STAGES:

A. BASIC NOMENCLATURE;

B. DETAILED DESCRIPTION.

2. GIVE FIRST PRIORITY TO DEVELOPING THE BASIC NOMENCLATURE STRUCTURE, SETTING ASIDE TEMPORARILY THE

DEVELOPMENT OF DETAILED DESCRIPTIONS UNTIL SUBSTANTIAL PROGRESS HAS BEEN MADE IN THE BASIC NOMENCLATURE. MR CHUMAS THOUGHT TWO YEARS WOULD BE SUFFICIENT TIME TO DEVELOP THE BASIC NOMENCLATURE. AS SUBSTANTIAL PORTIONS OF THE BASIC NOMENCLATURE WERE AGREED UPON, WORK ON DETAILED DESCRIPTORS COULD PROCEED.

3. THE UNITED STATES TAKE THE LEAD IN PROPOSING CONSTRUCTIVE CHANGES IN THE BTN. IN THIS REGARD, MR CHUMAS STRESSED PARTICULARLY TWO POINTS. FIRST, IT WOULD BE COMPLETELY USELESS FOR THE UNITED STATES TO TAKE THE POSITION THAT THE BTN SHOULD BE SCRAPPED IN ITS ENTIRETY; THERE IS ALREADY INTERNATIONAL AGREEMENT THAT IT SHOULD SERVE AS THE BASIC STRUCTURE FOR THE HCC. SECONDLY, IT IS POINTLESS FOR THE UNITED STATES SIMPLY TO POSTULATE THAT THE BTN IS UNSATISFACTORY AND INADEQUATE UNLESS IT IS WILLING TO SPECIFY IN DETAIL THE INADEQUACIES AND OFFER CONSTRUCTIVE PROPOSALS FOR THEIR CORRECTION. (HE ASSUMED WE HAD A READY FILE OF SUCH PROPOSALS AFTER HAVING STUDIED THE BTN IN DETAIL FOR TWO YEARS.)

MR. CHUMAS EMPHASIZED THAT HE THOUGHT THERE WOULD BE SUBSTANTIAL LATITUDE FOR MODIFICATION OF THE BTN IF THE UNITED STATES APPROACHED THE MATTER IN THE PROPER MANNER, AND URGED US TO DO SO.

MR CHUMAS WAS TOLD THAT HIS VIEWS WOULD BE REPORTED TO THE APPROPRIATE AUTHORITIES IN THE US GOVERNMENT. UNQUOTE.
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